

HF3623 - 0 - North Star Prom. Scholar. Prog. Income Req. Mod.

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 Committee: **Higher Education Finance And Policy**
 Date Completed: **3/10/2026 1:59:31 PM**
 Agency: **Office of Higher Education**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Dollars in Thousands					
General Fund	-	-	84,489	89,166	89,166
Total	-	-	84,489	89,166	89,166
Biennial Total			84,489		178,332

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Kate Schiller **Date:** 3/10/2026 1:59:31 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029	
General Fund	-	-	84,489	89,166	89,166	
Total	-	-	84,489	89,166	89,166	
Biennial Total			84,489		178,332	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	84,489	89,166	89,166	
Total	-	-	84,489	89,166	89,166	
Biennial Total			84,489		178,332	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-		-	

Bill Description

This bill effectively eliminates the income requirement for North Star Promise for students attending a Minnesota State 2-year college or Tribal college.

Section 1 Subd. 1 (6) adds the term “state college” to the list of definitions and defines it as “a two-year community or technical college in the Minnesota State Colleges and Universities system.”

Section 1 Subd. 2 paragraph (b) limits the application of income eligibility to students attending 4-year public institutions.

Section 1 Subd. 2 (2) applies the instructions in paragraph (b) to income eligibility, effectively eliminating the income eligibility requirement for students attending a Minnesota State 2-year college or Tribal college.

Effective date of this proposed change is effective beginning in the fall 2026 academic term.

This bill also amends Sec.2 Laws 2025, First Special Session chapter 5, article 1, section 5, subdivision (f) to replace the fiscal year 2027 transfer amount of \$49,500,000 with an unspecified amount. Additionally, the corresponding amount of \$49,500,000 that the commissioner of management and budget must include in each forecast was also replaced with an unspecified amount.

Assumptions

To estimate the fiscal impact of this bill on North Star Promise (NSP) spending, OHE ran a cost simulation of NSP data projecting fiscal year 2025 actual spending to fiscal years 2026 and 2027 using the parameters outlined in the February 15, 2026 State Grant & NSP projections report. Because this report only projects spending through the end of the current biennium, the cost for fiscal years 2028 and 2029 is held flat.

This estimate does not assume any change in student enrollment due to this bill.

This estimate includes the mandatory estimated priority deadline of June 1, 2026 for the program communicated to financial aid administrators in February 2026.

Expenditure and/or Revenue Formula

The changes to the North Star Promise award formula would result in 9,200 new students receiving North Star Promise

scholarships in FY2027. This change also increases scholarships to all recipients. The average state North Star Promise scholarship increases by \$395 in FY2027 as compared to base awards for these changes.

Projected spending differences between current law and the changes proposed in this bill are shown in Table 1 below.

Table 1: Projected Spending

FY27 NSP Spending Projections:	Total Spending (in millions)	Est. # of Recipients (estimated)	Average Award (estimated)
February Spending Projection Current Law	\$48.164	13,900	\$3,465
Spending Projection with modifications per this bill	\$89.166	23,100	\$3,860
Additional projected spending per proposed changes	\$41.003		

Table 2 details the impact of the proposed changes, assuming no specified appropriation amount for FY2027. Estimated program cost is derived from projected spending for FY2027 after changes are adopted and estimated spending balance available in the special revenue account for use in FY27.

Table 2: Program Costs

Estimated Fiscal Impact with Changes:	(\$ in thousands)
FY2026: Base Appropriation + Projected balance in special revenue account	\$52,435
Less: FY2026 Projected Spending	(\$47,756)
Projected Balance at End of FY2026 in Special Revenue Fund	\$4,679
Less: FY2027 Projected Spending with proposed changes	(\$89,166)
Projected Funds required per proposed changes in FY2027 for scholarships	\$84,487
Plus: Estimated one-time marketing funds	\$1.5
Total estimated program costs for FY2027	\$84,489

Funds needed for FY2028 and FY2029 would be the projected spending amount of \$89.166M each year as there would be no balance remaining in the special revenue fund after FY2027.

Marketing/Communications costs: To reproduce & distribute all existing North Star Promise promotional materials and communications to reflect the updated income eligibility requirements for the program, OHE estimates there would be a one-time cost of \$1,500.

Long-Term Fiscal Considerations

This bill increases the pool of students eligible for the North Star Promise program, which may influence additional students to enroll in higher education in Minnesota. Any increase in enrollment will also increase costs for the Minnesota State Grant program.

Local Fiscal Impact

None

References/Sources

OHE utilized financial aid application and enrollment data for fiscal year 2025 in estimating NSP costs for this fiscal note and a cost simulation of the North Star Promise program projecting fiscal year 2025 preliminary actual spending to fiscal years 2026-2027.

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